

SIDLEY AUSTIN BROWN & WOOD LLP

CHICAGO
DALLAS
LOS ANGELES
NEW YORK
SAN FRANCISCO

1501 K STREET, N.W.
WASHINGTON, D.C. 20005
TELEPHONE 202 736 8000
FACSIMILE 202 736 8711
www.sidley.com
FOUNDED 1866

BEIJING
GENEVA
HONG KONG
LONDON
SHANGHAI
SINGAPORE
TOKYO

WRITER'S DIRECT NUMBER
(202) 736-8088

WRITER'S E-MAIL ADDRESS
dlawson@sidley.com

June 7, 2002

By Electronic Delivery

Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

**Re: Applications for Consent to the Transfer of Control of Licenses
from Comcast Corporation and AT&T Corp., Transferors, to
AT&T Comcast Corporation, Transferee, MB Docket No. 02-70**

Dear Ms. Dortch:

On Thursday, June 6, 2002, Gregory Braden, Executive Vice President for Strategy and Business Development for AT&T Broadband LLC, Betsy Brady and Stephen C. Garavito of AT&T Corp. ("AT&T"), James R. Coltharp of Comcast Corporation ("Comcast"), A. Richard Metzger, Jr. and A. Renee Callahan of Lawler, Metzger & Milkman, LLC, outside counsel to Comcast, and I met with Sarah Whitesell, Royce Sherlock, Erin Dozier and John Scott of the Media Bureau; James R. Bird, Nandan Joshi, and Kimberly Reindl of the Office of General Counsel; David Sappington, Chief Economist, and Don Stockdale of the Office of Plans and Policy; Aaron Goldberger, Ben Childers and Ian Dillner of the Wireline Competition Bureau; and Kevin Lefton of Chairman Powell's office. During that meeting, Mr. Braden addressed three issues – the cable telephony benefits of the merger, AT&T Broadband's Headend In The Sky ("HITS") business, and access to AT&T Broadband's cable systems by unaffiliated Internet service providers ("ISPs") – that are described in the public interest statement, reply comments and his declaration filed by Comcast and AT&T in the above-referenced docket. In response to questions, Mr. Braden also briefly explained that (1) AT&T Broadband does not currently use Microsoft Corporation software for its set-top boxes and (2) AT&T Corp.'s unbundled network element-based telephone services will compete with AT&T Comcast cable telephony services post-merger.

First, Mr. Braden discussed the extraordinary growth in AT&T Broadband's cable telephony operations from approximately 50,000 customers in early 2000 to more than 1.2

Marlene H. Dortch, Secretary

June 7, 2002

Page 2

million customers (and positive cash flow) today. Mr. Braden then described some of the many complexities associated with any facilities-based primary line cable telephony offering and some of the unique expertise, processes and systems that AT&T Broadband (including MediaOne prior to the merger with AT&T) has developed over the last five years in the general areas of infrastructure and transport, switching, third party relationships and automated systems. Mr. Braden explained that these valuable AT&T Broadband assets are scalable and transferable to the Comcast footprint regardless of technology (e.g., circuit-switched versus IP) or vendor choices and will allow accelerated and improved deployment of telephony services in Comcast territories. Mr. Braden also explained that the merged company's ability to complete upgrades of the AT&T Broadband systems could accelerate the deployment of telephony services over AT&T Broadband systems that are not currently capable of providing such services. In response to a question, Mr. Braden explained that attempts to create cable telephony joint ventures have largely proven ineffective due to the difficulties in aligning incentives and structuring agreements to allocate bandwidth in the face of convergence and great uncertainty.

Second, Mr. Braden explained that HITS provides a transport service (between leased satellite transponders and cable headends) for digital programming. HITS uses no proprietary equipment or technologies, does not own or control the programming that it distributes (which MSOs must license directly from the programming owners), and is not the only source for satellite delivery of digital programming, as confirmed by the fact that systems that serve about half of all digital cable customers do not use the HITS service. Mr. Braden explained that MSOs that do not like the particular packages of digital programming that HITS provides can take their digital feeds directly from programming owners or from other "packagers" of digital programming. Mr. Braden explained that the costs of any of these alternative digital feed options would depend upon the particular MSO's programming choices. In addition, Time Warner and Charter provide HITS-like services to themselves, although, unlike AT&T Broadband, neither has, to date, offered their services to unaffiliated systems. Mr. Braden also briefly discussed the HITS license agreement with the National Cable Television Cooperative ("NCTC"), which runs through at least June 2005 and allows any member of NCTC (and there are apparently more than 1000 members, including cable "overbuilders") to obtain the HITS service at the same rates as other HITS customers.

Third, Mr. Braden spoke briefly about AT&T Broadband's pre-merger arrangement with Excite@Home, AT&T Broadband's transition to its own data network, and AT&T Broadband's efforts to provide its customers with a choice of ISPs (including AT&T Broadband's recent agreement with EarthLink). Mr. Braden explained that it is AT&T Broadband's belief that properly designed, commercially-negotiated arrangements with unaffiliated ISPs can improve the attractiveness of cable Internet offerings. Finally, Mr. Braden noted that AT&T Broadband places no limits on the content or websites that customers of EarthLink (or AT&T Broadband) can access. Rather, AT&T Broadband may charge EarthLink for usage that exceeds agreed levels and EarthLink will then decide whether to impose any

Marlene H. Dortch, Secretary

June 7, 2002

Page 3

additional charges on particularly heavy users of its service (as may AT&T Broadband with respect to its own customers).

Pursuant to section 1.1206(b)(2) of the Commission's rules, this letter is being filed electronically with the Office of the Secretary. A copy of Mr. Braden's four-page handout is attached. If you have any questions, please contact me.

Very truly yours,

/s/ David L. Lawson

David L. Lawson

DLL:vlb

cc:	Sarah Whitesell	Royce Sherlock	Erin Dozier	John Scott
	James R. Bird	Nandan Joshi	Kimberly Reindl	David Sappington
	Don Stockdale	Aaron Goldberger	Ben Childers	Ian Dillner
	Kevin Lefton	William Dever	Cynthia Bryant	Jeff Tobias
	Qualex International			

AT&T Broadband

Greg Braden - Executive Vice President

June 6, 2002



BROADBAND

Telephony

Significant Functions Requiring Support

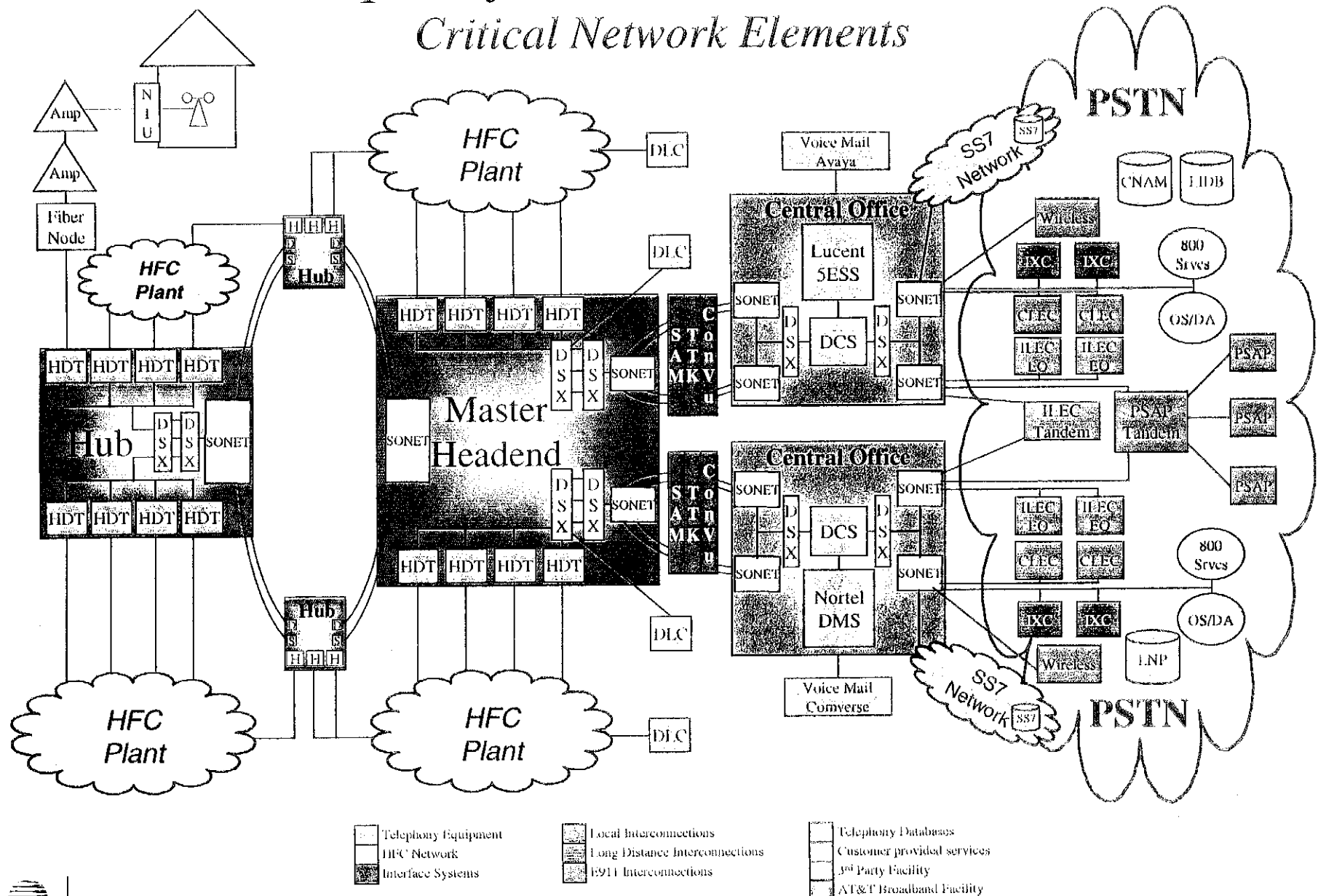
HFC & Transport	Switch	3 rd Party	Systems
<ul style="list-style-type: none"> • Design, upgrade & certify for telephony • Capacity management <ul style="list-style-type: none"> • Node combining plans • Node splits • HE modems rqmts • Spectrum mgmt. • Power mgmt • Sparing functions • Transport • Fault management <ul style="list-style-type: none"> • Network Monitoring • Repair • Customer installation • HDT & transport configuration mgmt <ul style="list-style-type: none"> • Hardware • Software • Performance management <ul style="list-style-type: none"> • Scheduled maintenance • Demand maintenance 	<ul style="list-style-type: none"> • Mapping <ul style="list-style-type: none"> • Rate centers • PSAPs • PSTN connections • Switch set-up <ul style="list-style-type: none"> • Trunking (inc. SS7) • Routing • Feature (RTU) • 911 routing • CIC/LPIC • OS/DA • Office dependent data • Performance mgmt <ul style="list-style-type: none"> • Scheduled maintenance • Demand maintenance • GOC/DTD • Capacity mgmt <ul style="list-style-type: none"> • NPA-NXX • Network Monitoring • Switch configuration mgmt <ul style="list-style-type: none"> • Software release mgmt • Security mgmt <ul style="list-style-type: none"> • CALEA • Billing <ul style="list-style-type: none"> • End user • Carrier 	<ul style="list-style-type: none"> • Capacity mgmt • Performance mgmt • ICAs • LIDB/CNAM • ILECs (e.g. LNP) • LNS • ACS • ABS • CLECs • Wireless carriers • PSAPs • Intrado • IXC's 	<ul style="list-style-type: none"> • Surveillance • Correlation • Customer provisioning • Network provisioning • Trouble ticketing • Customer billing • Usage billing • Carrier billing • Network inventory • Capacity mgmt • Performance mgmt • Switch systems • Transport systems • HFC systems • Electronic bonding • IT infrastructure



BROADBAND

Telephony Network Architecture

Critical Network Elements



BROADBAND

Origination, Transmission, Reception and Headend Processing of Digital Cable Services from HITS and Cable Programmers

